

**AGENDA SUMMARY PAGE**

**AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 15, 2009**

**DEPARTMENT: CITY AUDITOR'S OFFICE**

**DIRECTOR: RADFORD SNELDING**

☐ Consent ☒ Discussion

**SUBJECT:**

Discussion and possible action on the Annual Audit Recommendation Follow-up As Of June 30, 2009 (2600-0910-05)

**Fiscal Impact**

☒

No Impact

☐

Augmentation Required

☐

Budget Funds Available

**Amount:**

**Funding Source:**

**Dept./Division:**

**PURPOSE/BACKGROUND:**

To ensure that audit recommendations are being appropriately addressed by City management and to track the status of the recommendations.

**RECOMMENDATION:**

Approval

**BACKUP DOCUMENTATION:**

- 1 Annual Audit Recommendation Follow-up As Of June 30, 2009 (2600-0910-05)
2. Submitted at Meeting – PowerPoint Slides 36-40 by City Auditor

Motion made by STEVE WOLFSON to Approve

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 2

STEVE WOLFSON, MICHAEL W. KERN, LOIS TARKANIAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-PAUL WORKMAN, JOSE TRONCOSO)

Minutes:

In giving his report, City Auditor Radford Snelding read from the submitted scripted PowerPoint. The follow-up program is in accordance with the City Auditor's Office Operating Instruction Manual. He explained the four categories dealing with audit recommendations, which are Incomplete, Complete, Extended and Not Due.

As of June 30, 2009, the Annual Audit Recommendation Follow-up included 15 Incomplete recommendations; 10 in Field Operations, one in Finance and Business Services and four in Fire and Rescue. He updated the Committee and informed them that subsequent to the follow-up report, it was confirmed by Deputy Fire Chief Robert Bell that one of the four Incompletes is now complete and closed.

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Upon Member Wolfson's query, Mr. Bell informed the Committee that the remaining Incompletes do not directly affect public safety. He explained that the program itself is in place but should be formalized by the end of this month. The public safety is not at risk, and Mr. Snelding added that the process is elaborate but only entails policies and procedures.

Regarding allocation of grants, Mr. Snelding informed Chairman Kern that the City is in full compliance. Deputy Finance and Business Services Director Candace Falder concurred with Mr. Snelding and added that this will enhance methodology, so that additional costs could be allocated to grants. Finance and Business Services has been reviewing past grants and allocations. There's been some delay due to the recent changes within the City's organization and the shifting of some positions from the General fund being directly charged to the grant funds. Chairman Kern wondered if the City is losing money because of the inability to allocate indirect costs to the federal grants, as the monies would be reimbursable from the federal government. Ms. Falder replied that staff feels that the costs cannot be quantified, but there has been the matching of these costs when they were indirect previously and have been moved to grants. Deputy City Manager added that it is important to the City, as the larger grants are entitlement grants and the City fully capitalizes on these and charge the maximum allowed to federal government.

Chairman Kern inquired about a software program being implemented to track these indirect costs. Ms. Falder responded that staff utilizes Oracle to track the costs; an approved City-wide policy would have to be established prior to charging.

Mr. Snelding advised Chairman Kern that this item was a report only; no action is needed at this time. Mr. Sanchez emphasized that tracking is of the utmost importance, so that any and all funding can be obtained to offset costs for administrative programs. He informed Member Tarkanian that the grant amount usually fluctuates between 10 to 20 percent. Member Tarkanian agreed that tracking is important, regardless of the percentage, it still amounts to a substantial amount of monies that can be acquired.